

Minneapolis Community Development Agency

Request for City Council Action

Date: October 17, 2002

To: Council Member Lisa Goodman, Community Development Committee
Council Member Barbara Johnson, Ways and Means/Budget Committee

Prepared by William Koncak, Project Coordinator, Phone 673-5233

Approved by Chuck Lutz, MCDA Interim Executive Director _____

SUBJECT: Appropriation expenditure from Scattered Site Tax Increment, Fund CWS
in the amount \$180,000.

Previous Directives: Land sale hearing for 2630 35th Street (HIA-4-1) on May 7, 2001
and land sale hearing for 3019 39th Street (HIA 8-1&2) on June 1, 1999 and
reimbursement of extraordinary development cost on March 25, 2002.

Ward: 12

Neighborhood Group Notification: None Required

Consistency with *Building a City That Works*: This action will be in support of Goal
2: Ensure that an array of housing choices exist to meet the needs of our current
residents and attract new residents to the city. Respond to applications for the
development of housing using tax increment financing and other financial tools.

Comprehensive Plan Compliance: The future, proposed development will be
consistent with the Comprehensive Plan.

Zoning Code Compliance: Not Applicable

Impact on MCDA Budget: No impact, planned expenditure.

Living Wage / Business Subsidy: Not Applicable

Job Linkage: Not Applicable

Affirmative Action Compliance: Not Applicable

Crown Roller Mill,
105 Fifth Ave. S., Suite 200
Minneapolis, MN 55401-2534
Telephone: (612) 673-5095
TTY: (612) 673-5154
Fax: (612) 673-5100
www.mcda.org

Recommendation: To amend the 2002 MCDA Appropriation Resolution to increase the appropriation in Fund CWS (Housing replacement District) by \$180,000 from available fund balance.

Staff is requesting an appropriation of \$180,000 from the Scattered Site Tax Increment Financing fund (fund CWS) for reimbursement to the developer for the extraordinary development and soil correction costs encountered at 2630 - 35th Street East and 3010 - 39th Street East. The Board of Commissioners approved the sale of these lots on May 7, 2001 and June 1, 1999 respectively. Reimbursement for anticipated soil correction costs and extraordinary development costs was approved at that time.

These multi family sites, located along the west side of Hiawatha Avenue, were part of a 11+ acre parcel of land purchased from the Minnesota Department of Transportation (MnDOT) in 1991. The majority of the land has been successfully developed with 58 single-family homes, 35 detached townhomes, and a 4 unit battered women's shelter and 7 units of housing for persons suffering from severe head and spinal trauma. Unfortunately, the developer has encountered significant concrete and rubble from foundations not removed during the clearance and demolition by MnDot, of the corridor in the 1960's. Also, the larger multi unit sites were mined by MnDot for the sandy soils for roadway construction and replaced with the poor soils removed from the new roadways.

During the time period between the initial development and the development of this site the Planning and Fire departments made significant changes to the requirements related to the site design configuration and construction requirements that added significantly to their costs. The original cost estimates for these activities were reviewed and approved by the Board for reimbursement on March 25, 2002.

The funds in Fund CWS were generated by the Scattered Site Tax Increment District, which is composed of 100 new construction housing sites that includes these parcels. The parcels were included in the Scattered Site TI District to allow the Agency to reimburse the developer for extraordinary site improvement costs including soil corrections. The current fund balance is approximately \$182,000 and will receive an additional \$80,000 in December 2002. It is anticipated that the District will generate approximately \$180,000 in 2003. The annual amount generated will continue to increase as development is completed on more properties and their increased value generates income for the District. At this time there are not additional requests for funds from this source during 2002.

Recommendation: To amend the 2002 MCDA Appropriation Resolution to increase the appropriation in Fund CWS (Housing Replacement District) by \$180,000 from available fund balance.

This report was prepared by William Koncak. For more information, call 612-673-5233.